

July 21, 1988

Fred Boling  
President  
Astroline Corp.  
95 Walkers Brook Dr.  
Reading, MA 01867

Fred:

I have prepare the following summary of transmittal items necessary for your attention.

Transmittal # 366B (quite old)	Micro Communications supplies of critical nature	\$ 3,782.32
Transmittal # 412	Purolator Courier (remaining)	\$ 28.75
Transmittal # 416	Emery & Federal Express	\$ 2,961.96
Transmittal # 417	Insurance, utilities, building maintenance, shipping (First Air, Purolator)	\$ 28,111.82
Transmittal # 418	UPS, Xerox, shipping	\$ 1,269.00
Transmittal # 419	Town of Hartford, Avon Taxes (let's discuss)	\$ 96,431.93
Transmittal # 414	Travelers Ins., ADP, Airborne Express, U.S. Leasing	\$ 8,038.31
Transmittal # 420	Buffalo Sabres, Hughes TV (Sports Production), ITS, MCA*	\$ 92,268.26
Transmittal # 421	Advertising & Production related (very important)	\$ 30,303.05
Transmittal # 422	Personal - RPR	\$ 7,335.07

Fred Boling  
page 2

Transmittal # 423      Advertising/Promotion      \$ 35,235.48  
(must have by 7/25)

Mark Kaplowe	\$ 900.00
WHCN	\$ 4,284.00
WAVZ	\$ 1,224.00
WDRC	\$ 4,245.75
WERI	\$ 204.00
WKSS	\$ 1,683.00
WPLR	\$ 535.50
WSYB	\$ 688.50
All Courant	\$ <u>15,410.93</u>

TOTAL      \$ 29,175.68

Transmittal # 424      Printing, office supplies,      \$ 8,589.08  
engineering supplies

Transmittal # 425\*      Programming, sports production,      \$101,287.73  
engineering supplies

HAVE TO HAVE

Sportsticker	\$ 850.00
TV 38 WSBK	\$ 5,040.00
Olympia Arena	\$ 5,400.00
SportsChannel	\$ 32,067.14
Lake	\$ <u>1,715.68</u>

(included in TOTAL)      \$ 45,072.82

Transmittal # 426      Advertising, engineering      \$ 49,470.16

MUST HAVE ITEMS

Waterbury Republican	\$ 3,904.00
Traffic Net (2 or 3)	\$ 18,000.00
Chyron	\$ 1,677.23
NAB	\$ <u>1,090.00</u>

TOTAL      \$ 24,671.23

The total excluding tax bills:      \$203,234.47

All transmittals up to # 422 are already there (Astroline). #'s 423, 424, 425 are going out tonight, July 21, 1988.

Rich

# Partner's Share of Income, Credits, Deductions, etc.

OMB No. 1545-0048

For calendar year 1987 or fiscal year

beginning

1987, and ending

19

1987

Department of the Treasury  
Internal Revenue Service

Partner's identifying number ▶ 04-2754875

Partnership's identifying number ▶ 04-2835780

Partner's name, address, and ZIP code

Partnership's name, address, and Zip code

ROLINE COMPANY

ASTROLINE COMMUNICATIONS COMPANY

JOHN STREET

LIMITED PARTNERSHIP

18 GARDEN STREET

WING, MA 01867

HARTFORD, CT 06105

Is partner a general partner? ☐ Yes ☒ No

If "yes" to Question A(1):

Did this partner materially participate in the trade or business activity(ies) of the partnership? (See page 12 of the Form 1065 Instructions. Leave blank if no trade or business activities.) ☐ Yes ☐ No

Did this partner actively participate in the rental real estate activity(ies) of the partnership? (See page 13 of the Form 1065 Instructions. Leave blank if no rental real estate activities.) ☐ Yes ☐ No

Partner's share of liabilities

Recourse ..... \$

Other ..... \$

What type of entity is this partner? ▶ PARTNERSHIP

D Enter partner's percentage of:

	(A) Before decrease or termination	(B) End of year
Profit sharing	%	82.0286 %
Loss sharing	%	82.0286 %
Ownership of capital	%	82.0286 %

E IRS Center where partnership filed return ▶ ANDOVER, MA

F Tax Shelter Registration Number ▶

G(1) Did the partner's ownership interest in the partnership increase after Oct. 22, 1986? ☐ Yes ☐ No  
If yes, attach statement (See page 13 of the Form 1065 Instructions.)

(2) Did the partnership start or acquire a new activity after Oct. 22, 1986? ☐ Yes ☐ No  
If yes, attach statement (See page 14 of the Form 1065 Instructions.)

H Check here ☐ if this Schedule K-1 is for a short tax year required by section 706(b).

Reconciliation of partner's capital account				(A) Income not included in column (c), plus nonseizable income	(B) Losses not included in column (c), plus allowable deductions	(C) Withdrawals and distributions	(D) Capital account at end of year
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Income (loss) from lines 1, 2, 3, & 4 below					
3,955,357	5,996,584	-5,622,415			1,867,824	4,000,000	-1,538,298

Instructions: Refer to attached Partner's Instructions for Schedule K-1 (Form 1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on:
Income (Loss)	1 Ordinary income (loss) from trade or business activity(ies)	-5,622,415	(See Partner's Instructions for Schedule K-1 (Form 1065))
	2 Income or loss from rental real estate activity(ies)		
	3 Income or loss from other rental activity(ies)		
	4 Portfolio income (loss):		
	a Interest		Sch. B, Part I, line 2
	b Dividends		Sch. B, Part II, line 4
	c Royalties		Sch. E, Part I, line 5
	d Net short-term capital gain (loss)		Sch. D, line 5, col. (f) or (g)
	e Net long-term capital gain (loss)		Sch. D, line 12, col. (f) or (g)
	f Other portfolio income (loss) (attach sch.)		(Enter on applicable lines of your return)
	5 Guaranteed payments		(See Partner's Instructions for Schedule K-1 (Form 1065))
	6 Net gain (loss) under section 1231 (other than due to casualty or theft)		
	7 Other (attach schedule)		(Enter on applicable lines of your return)
Deductions	8 Charitable contributions		See Form 1040 Instructions
	9 Expense deduction for recovery property (section 179)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	10 Deductions related to portfolio income		
	11 Other (attach schedule)		
Credits	12a Credit for income tax withheld		See Form 1040 Instructions
	b Low-income housing credit		Form 8586, line 8
	c Qualified rehabilitation expenditures related to rental real estate activity(ies) (attach schedule)		(See Partner's Instructions for Schedule K-1 (Form 1065))
	d Credit(s) related to rental real estate activity(ies) other than 12b and 12c (attach schedule)		
	e Credit(s) related to rental activity(ies) other than 12b, 12c, and 12d (attach schedule)		
	13 Other credits (attach schedule)		

or Paperwork Reduction Act Notice, see Form 1065 Instructions.

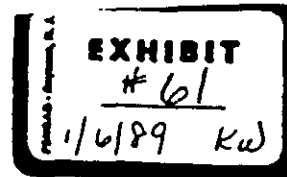
Schedule K-1 (Form 1065) 1987

Partner's identifying number ▶ 108-48-3484 Partner's name, address, and ZIP code LARD P. RAMIREZ  ASTROLINE COMMUNICATIONS CO. LIMITED PARTNERSHIP 18 GARDEN STREET HARTFORD, CT 06105	Partnership's identifying number ▶ 04-2835780 Partnership's name, address, and Zip code ASTROLINE COMMUNICATIONS COMPANY LIMITED PARTNERSHIP 18 GARDEN STREET HARTFORD, CT 06105
Is partner a general partner? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "yes" to Question A(1): Did this partner materially participate in the trade or business activity(ies) of the partnership? (See page 12 of the Form 1065 Instructions. Leave blank if no trade or business activities.) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Did this partner actively participate in the rental real estate activity(ies) of the partnership? (See page 13 of the Form 1065 Instructions. Leave blank if no rental real estate activities.) <input type="checkbox"/> Yes <input type="checkbox"/> No Partner's share of liabilities Nonrecourse ..... \$ ..... Recourse ..... \$ 15,532,225 What type of entity is this partner? ▶ INDIVIDUAL	D Enter partner's percentage of: Profit sharing ..... % ..... 0.7778 Loss sharing ..... % ..... 0.7778 Ownership of capital ..... % ..... 0.7778 E IRS Center where partnership filed return ▶ ANDOVER, MA F Tax Shelter Registration Number ▶ ..... G(1) Did the partner's ownership interest in the partnership increase after Oct. 22, 1986? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach statement (See page 13 of the Form 1065 Instructions.) (2) Did the partnership start or acquire a new activity after Oct. 22, 1986? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach statement (See page 14 of the Form 1065 Instructions.) H Check here <input type="checkbox"/> if this Schedule K-1 is for a short tax year required by section 706(b).

Reconciliation of partner's capital account			(d) Income not included in column (c), plus non-taxable income	(e) Losses not included in column (c), plus unallowable deductions	(f) Withdrawals and distributions	(g) Capital account at end of year
(a) Capital account at beginning of year	(b) Capital contributed during year	(c) Income (loss) from lines 1, 2, 3, & 8 below				
-142,804		-53,311		17,710		-213,82

Instructions: Refer to attached Partner's Instructions for Schedule K-1 (Form 1065) before entering information from this schedule on your tax return.

	(a) Distributive share item	(b) Amount	(c) 1040 filers enter the amount in column (b) on
Income (Loss)	1 Ordinary income (less) from trade or business activity(ies) .....	-53,311	(See Partner's Instructions for Schedule K-1 (Form 1065))  Sch. B, Part I, line 2 Sch. B, Part II, line 4 Sch. E, Part I, line 5 Sch. D, line 5, col. (f) or (g) Sch. D, line 12, col. (f) or (g)
	2 Income or loss from rental real estate activity(ies) .....		
	3 Income or loss from other rental activity(ies) .....		
	4 Portfolio income (less):		
	a Interest .....		Enter on applicable lines of your return  (See Partner's Instructions for Schedule K-1 (Form 1065))  Enter on applicable lines of your return
	b Dividends .....		
	c Royalties .....		
	d Net short-term capital gain (loss) .....		
Deductions	e Net long-term capital gain (loss) .....		(See Partner's Instructions for Schedule K-1 (Form 1065))  Enter on applicable lines of your return
	f Other portfolio income (loss) (attach sch.) .....		
	5 Guaranteed payments .....		
	6 Net gain (loss) under section 1231 (other than due to casualty or theft) .....		
Credits	7 Other (attach schedule) .....		See Form 1040 Instructions  Form 8586, line 8  (See Partner's Instructions for Schedule K-1 (Form 1065))
	8 Charitable contributions .....		
	9 Expense deduction for recovery property (section 179) .....		
	10 Deductions related to portfolio income .....		
	11 Other (attach schedule) .....		See Form 1040 Instructions  Form 8586, line 8  (See Partner's Instructions for Schedule K-1 (Form 1065))
	12a Credit for income tax withheld .....		
	b Low-income housing credit .....		
	c Qualified rehabilitation expenditures related to rental real estate activity(ies) (attach schedule) .....		
	d Credit(s) related to rental real estate activity(ies) other than 12b and 12c (attach schedule) .....		(See Partner's Instructions for Schedule K-1 (Form 1065))
	e Credit(s) related to rental activity(ies) other than 12b, 12c, and 12d (attach schedule) .....		
	13 Other credits (attach schedule) .....		



DATE	INVOICE	AMOUNT

5-2/110

2107

ne Communications Co., Ltd Partnership  
231 JOHN STREET  
READING, MA 01867

\$3,968.50

DOLLARS

TO THE ORDER OF

DATE

DESCRIPTION

CHECK AMOUNT

Thelan, Marrian, Johnson &  
Bridges

6/8/88

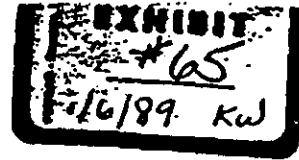
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3968.50



*[Signature]*

002107# 00110000280 0244 024 6#




Please draw two checks in the following amounts:

- (1) Media Access Project #20,000  
(for legal fees 11:41 H. 18-2  
"for" "project")
- (2) Bureau & Funds  
(in various countries legal sources  
in matters at the Public Order Commission)

Thank-you

Herbert A. Foster

ASTROLINE COMMUNICATIONS CO.		167
2/18 1985		31-302/113
Media Access Project		\$ 20,000.00
Twenty thousand dollars & 00/100		(500000)
	SECURITY NATIONAL BANK LYNN, MASSACHUSETTS 01901	SECURITY FUND
Herbert A. Foster		
⑆011303932⑆ ⑈30 29654⑈		60

OK  
file  
11/11/85

# BAKER & HOSTETLER

COUNSELLORS AT LAW  
WASHINGTON SQUARE, SUITE 1100

1060 CONNECTICUT AVE., N.W.

WASHINGTON, D.C. 20036

(800) 841-1500

TELECOPIER: (800) 444-8367

TELECOPIER: (800) 444-8318

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IN ORLANDO, FLORIDA  
800 SOUTH ORANGE AVE., SUITE 2300  
ORLANDO, FLORIDA 32801  
(407) 841-1111

IN VIRGINIA  
437 NORTH LEE STREET  
ALEXANDRIA, VIRGINIA 22314  
(703) 846-1264

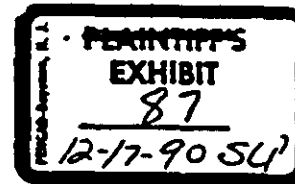
November 10, 1988

## MEMORANDUM

TO: Astroline Communications Company  
Limited Partnership

FROM: Baker & Hostetler

RE: Restructuring Considerations



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Astroline Communications Company Limited Partnership, licensee of Station WHCT-TV, Hartford, Connecticut, will be filing an application for renewal of its license on December 1, 1988. Competing applications will be accepted by the Commission up until March 1, 1989. Ordinarily, licensees are entitled to a very high expectation that their licenses will be renewed (a "renewal expectancy"). This renewal expectancy is awarded as long as the licensee in question establishes that it has satisfied its obligation to serve the public interest as a trustee of the public airwaves. As you are aware, however, last year the United States Court of Appeals stated:

If the FCC should initiate a comparative renewal proceeding concerning this license prior to resolution of the matters in MM Docket No. 86-484, in light of the representation made to this Court at the time appellant sought a stay of the FCC's order, the FCC shall conduct such proceedings without according intervenor Astroline Communications Company Limited Partnership any competitive advantage that would ordinarily accompany incumbency.

*What up? by whom?*

HOSTETLER

Astroline Communications Company  
Limited Partnership  
November 10, 1988  
Page 2

Accordingly, we think it is essential that any restructuring of Astroline which is to occur must take into account the very real possibility that Astroline will not be entitled to a renewal expectancy.

Without a renewal expectancy, in a hearing proceeding, the FCC will resolve the case based upon the standard comparative issue, and will thereby base its decision predominantly on two factors: (1) the extent to which each applicant's voting principals are integrated in managerial roles at the station ("integration"), and (2) the extent to which each applicant's voting principals have an interest in other broadcast media ("diversification"). The desired goal is to receive 100% quantitative integration credit and preference, with no diversification demerit. "Enhancement" of an applicant's quantitative integration credit is awarded for integrated voting owners' female gender, minority group status, past broadcast experience, local or area residency, etc. ("qualitative enhancements").

The extent to which non-voting, passive individuals may be owners of the applicant ordinarily does not affect the determination of the percentage of quantitative integration credit the applicant should receive. It does affect the analysis, however, in cases where it has been demonstrated that the non-voting participants (e.g., limited partners or non-voting stockholders) are not "passive," and are actually in a position to control or materially influence the licensee on matters pertaining to the day-to-day affairs of the station. In the case of a limited partnership, in order to properly prevent limited partners from being able to control or influence the general partners, the FCC now requires that limited partnership agreements contain provisions (1) specifying that an exempt limited partner (or its "constituent parts") cannot become "materially involved" in the management or operations of the media business of the partnership, and cannot act as an employee of the limited partnership if his or her functions relate, directly or indirectly, to the media enterprises of the company; (2) barring an exempt limited partner from serving, in any material capacity, as an independent contractor or agent with respect to the partnership's media enterprises; (3) restricting the limited partners from communicating with the licensee or general partner on matters pertaining to the day-to-day operations of its business; (4) empowering the general partner to veto the admission of new general partners; (5) barring the limited partner from voting on the removal of a general partner except in cases where the general partner is subject to bankruptcy proceedings, is adjudicated incompetent, or is found by an independent party to have engaged in malfeasance, criminal conduct or wanton or willful neglect; and



**& HOSTETLER**

**Astroline Communications Company  
Limited Partnership  
November 10, 1988  
Page 3**

(6) barring a limited partner from performing any services to the partnership materially relating to its media activities. Failure to include these provisions results in an award of less than 100% integration credit.

In a structure such as was initially proposed for Astroline, Astroline would be unable to include the required provisions. In the event individuals were named as limited partners, they would have to be barred from becoming materially involved in Astroline's affairs, yet because, as proposed, they would be involved as principals of one of the three general partners, they would be obligated to be "materially involved," and therefore would be placed in the position of being in immediate violation of the limited partnership agreement. Similarly, if limited partners are also principals of one of the general partners, it would be impossible for those individuals to abide by the provision barring limited partners from communicating with general partners. Based upon Commission precedent, Astroline may very likely have been entitled only to quantitative integration credit commensurate with its general partners' equity ownership -- namely, only 30 percent.

A Commission Review Board case released last week provides a good illustration of the result Astroline may face. In Stanley Group Broadcasting, FCC 88R-56 (Rev. Bd. 1988), an applicant (Artec Broadcasting Corp.) was composed of three voting stockholders (51%, 47% and 2%), and its 51% and 47% voting stockholders stated their intentions to work at the station full-time in managerial roles. Artec therefore claimed entitlement to 98% quantitative integration credit. The Review Board rejected that proposition. The 2% stockholder was also a 40.4% non-voting stockholder, and was an officer and director of the organization, and was obviously more than merely a "passive" investor. As an officer and director, that individual had a power similar to that of a general partner to bind the organization. The Review Board refused to ignore the equity interest of the non-voting stockholder, and reduced Artec's integration credit to at least 60%.

All of the foregoing is to stress the importance of maintaining a strict separation between limited partners and general partners. General partners should be in complete control of the organization, and limited partners must be passive, non-voting equity holders. No partners should hold dual roles as limited and general partners. If you do so, you will run the risk that a competing applicant will prevail over Astroline for the right to operate on Channel 18 in the future.

If you have any questions regarding this matter, please feel free to contact either Dan Alpert or Linda Bocchi.

ATTACHMENT D

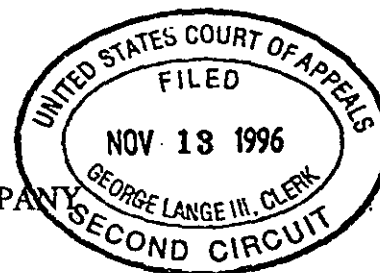
Excerpt from Brief filed on behalf of  
Martin W. Hoffman, Trustee, in  
In re Astroline Communications Company Limited Partnership,  
No. 96-5112 (2d Cir. filed November 8, 1996)

96-5112

96-5118 XAP

UNITED STATES COURT OF APPEALS  
FOR THE  
SECOND CIRCUIT

IN RE:  
ASTROLINE COMMUNICATIONS COMPANY  
LIMITED PARTNERSHIP,  
*Debtor.*



MARTIN W. HOFFMAN, Chapter 7 Trustee of the Bankruptcy Estate of  
ASTROLINE COMMUNICATIONS COMPANY LIMITED PARTNERSHIP,  
*Plaintiff-Appellant-Cross-Appellee,*

vs.

WHCT MANAGEMENT, INC.; THOMAS A. HART, JR.; ASTROLINE COMPANY;  
ASTROLINE COMPANY, INC.; HERBERT A. SOSTEK; FRED J. BOLING, JR.;  
RICHARD H. GIBBS; CAROLYN H. GIBBS, Co-Exec. of Estate of Joel A. Gibbs;  
RICHARD GOLDSTEIN, Co-Exec. of Estate of Joel A. Gibbs; EDWARD A. SAXE,  
Co-Exec. of Estate of Joel Gibbs; ALAN TOBIN, Co-Exec. of Estate of Joel A. Gibbs;  
ROBERT ROSE; MARTHA GIBBS ROSE,  
*Defendants-Appellees,*

RANDALL L. GIBBS,  
*Defendant-Appellee-Cross-Appellant,*

U.S. TRUSTEE, OFFICE OF,  
*U.S. Trustee.*

ON APPEAL FROM THE UNITED STATES BANKRUPTCY COURT AND THE  
UNITED STATES DISTRICT COURT FOR THE DISTRICT OF CONNECTICUT

BRIEF OF THE APPELLANT,  
MARTIN W. HOFFMAN, TRUSTEE

To Be Argued By:  
John B. Nolan

RECORDS COPY  
PLEASE RETURN TO ROOM  
1802

November 8, 1996

John B. Nolan  
Steven M. Greenspan  
Kent I. Scott-Smith  
Day, Berry & Howard  
CityPlace I  
Hartford, CT 06103-3499  
(860) 275-0100  
His Attorneys

C. Astroline Company's Growing Investment in the Debtor

Ultimately, Astroline Company's efforts to obtain additional equity or debt capital for ACCLP were unsuccessful, In re Astroline, 188 B.R. at 101 (App. at 10) (T. Vol. 3 at 78-79), and the Astroline Company partners considered abandoning the venture. Instead, Astroline Company chose to continue to fund ACCLP's operations and capital needs itself, as it had done since ACCLP's inception. In re Astroline, 188 B.R. at 101 (App. at 10) (T. Vol. 1 at 134-37; T. Vol. 3 at 81).

Consistent with its decision to fund all of ACCLP's capital requirements itself, Astroline Company caused the terms of the ACCLP partnership agreement to be modified such that Astroline Company significantly increased its share of the equity in the Debtor and secured more of the valuable tax benefits for its partners. Notwithstanding the FCC minority preference guidelines, the amendment resulted in Ramirez no longer owning 21% of the equity in ACCLP. (T. Vol. 1 at 138-63; Exs. 9, 54). Rather than retaining 21% of the equity, as specified in the original partnership agreement, Ramirez was given the right only to receive 21% of all partnership distributions after Astroline Company had been repaid its equity contributions in full, with a return. (T. Vol. 1 at 162, Ex. 9). Ramirez's interest, which had been reflected as 21% on the 1984 ACCLP tax return, was shown to have been reduced to less than 1% on the 1985, 1986 and 1987 tax returns. (Exs. 10-13). Astroline Company's interest was correspondingly increased from 70% to 82% in 1987. (Ex. 13). This increased interest reflected Astroline Company's equity investment of \$22 million. In re Astroline, 188 B.R. at 101 (App. at 10).

D. Cash Control System

Boling admitted at trial that Astroline Company created and administered a comprehensive "cash control system" over the Debtor's funds. (T. Vol. 5 at 8-9, 18-19, 104-05). Sullivan was responsible for managing ACCLP's cash. (T. Vol. 5 at 14-15, 18-19). The cash control system covered all receipts and disbursements of the Debtor from its inception until August 31, 1988, when Astroline Company ceased investing in the Debtor. In re Astroline, 188 B.R. at 101 (App. at 10) (T. Vol. 1 at 175-77, 188; T. Vol. 5 at 16, 18-19). One of Sullivan's principal responsibilities was to reduce interest expense to the Astroline Company partners, who personally were borrowing the money they invested in the Debtor through Astroline Company. (T. Vol. 4 at 65; T. Vol. 5 at 20). Boling admitted that this particular feature of the cash control system was established for the personal benefit of the Astroline Company partners. (T. Vol. 5 at 20, 105). There was no evidence at trial that the cash control system conferred any benefit on the Debtor. (T. Vol. 5 at 8-20; 103-05).

Until just prior to the bankruptcy filing on October 31, 1988, there was never a checkbook in the Debtor's Hartford office for the Debtor's only checking account, which was maintained at State Street Bank in Boston. In re Astroline, 188 B.R. at 102 (App. at 11) (T. Vol. 1 at 193-95; T. 4/21/95 at 141, 166, 185). All ACCLP bank statements were sent to and reconciled by Astroline Company staff in Massachusetts. In re Astroline, 188 B.R. at 102 (App. at 11) (T. Vol. 7 at 54-55). Significantly (and remarkably), Boling rejected Ramirez's repeated

requests that the Debtor be allowed to maintain its checkbook in its own office in Hartford. (T. Vol. 1 at 203, 236-37).

To control ACCLP's cash, Astroline Company imposed an intricate payables system on the Debtor. (T. Vol. 1 at 172-173; Exs. 87, 152). By denying the Debtor possession of its checkbooks, Astroline Company was able to maintain complete control over ACCLP's cash. In order for ACCLP to get a check from Astroline Company to pay any bill (even for petty cash or paper clips), it had to obtain the appropriation authorization of an Astroline Company partner or employee. Only upon such approval and authorization could a check be drawn and sent from the Astroline Company office in Massachusetts to ACCLP in Hartford. In re Astroline, 188 B.R. at 102 (App. at 11) (T. Vol. 1 at 176, 195, 240; T. Vol. 3 at 106, 145; Exs. 136, 137). As described at trial by Alfred Rozanski, ACCLP's business manager, every invoice received by ACCLP in Hartford was sent to Astroline Company's office along with a transmittal memorandum, backup documentation and, in most circumstances, a check request. (T. Vol 7 at 42-44, 61; Exs. 39, 210). Ramirez testified that ACCLP could not obtain a check from Astroline Company's office in Massachusetts without submitting the proper documentation; as Ramirez put it, ACCLP "had to dot all the I's and cross the T's" in order to get a check. (T. Vol. 1 at 240). Astroline Company demanded that this procedure be followed, notwithstanding the fact that ACCLP had a fully functional office in Hartford, at least from the beginning of 1985, and, thereafter, had a sophisticated computer system specifically designed to accomplish automatically the functions performed by Astroline Company. (T. Vol. 1 at 181-84, 198-99; T. Vol. 3 at 142; T. Vol. 7 at 61-62).

The Bankruptcy Court expressly found after trial that "[p]rior to August 31, 1988, Astroline Company processed all of the Debtor's checks, which numbered in the thousands...." In re Astroline, 188 B.R. at 102 (emphasis added) (App. at 11). Every one of the thousands of checks was prepared in the Astroline Company office in Massachusetts by its employees. (T. Vol. 7 at 15, 43; T. 4/15/95 at 140; Ex. 212). This was a cumbersome and expensive process that even ACCLP's auditors, Arthur Andersen, had formally recommended be changed. (T. Vol. 1 at 199, 233-37; Ex. 55 at 10). As stated in an Arthur Andersen memorandum dated May 30, 1986, "accounts payable are being paid through a related party [identified as Astroline Company by Ramirez (T. Vol 1 at 234-35)] ... consideration should be given to moving the accounts payable function to Hartford." (Ex. 55 at 10). In fact, Ramirez admitted that by the beginning of 1986, ACCLP had sufficient staff and capability through its sophisticated computer accounting system to handle the payable and check-writing functions. (T. Vol. 1 at 183). The fact that these functions continued to be performed by Astroline Company in Massachusetts demonstrates Astroline Company's control over the Debtor.

Boling admitted at trial that he wrote "O.K." or "O.K. per FJB" on hundreds of check requests, transmittal forms and invoices; In re Astroline, 188 B.R. at 102 (App. at 11) (T. Vol. 3 at 110-139; Exs. 39, 39 A-H, 216); and Ramirez acknowledged that if Boling did not approve the payment of an invoice, the Astroline Company personnel that worked in Astroline Company's office in Massachusetts would not have drawn the check. (T. Vol. 1 at 202, Exs. 35, 39). As Ramirez explained at trial:

Q. And if [Boling] didn't say okay, they wouldn't have drawn the check, would they?

A. In all likelihood, they would not have.

Q. And if they didn't draw the check, you couldn't pay the bill?

A. In all likelihood, I couldn't.

(T. Vol. 1 at 202).

Boling also admitted that it was the practice, at least in 1984 and 1985, that he or Sostek "initial" all invoices of ACCLP before they were paid. (T. Vol. 3 at 158). He also acknowledged that there were instances where, rather than writing "O.K." on an invoice, they wrote "No" or "Hold" or some other order "by" or "per" their direction. (T. Vol. 3 at 117-127, 129, 133-36, Ex. 130). Moreover, the evidence also established that Sostek approved the payment of invoices. (T. Vol. 3 at 133, Exs. 39I, 141-148). It is clear that no check to pay any ACCLP obligation would (or could) have been written if Astroline Company did not consent. (T. Vol. 1 at 202, T. Vol. 3 at 121-123). Indeed, Astroline Company would not transfer funds into the ACCLP account until Boling or Sostek approved a check for payment. (T. Vol. 3 at 110-11).

In addition to its total control of the expense side of ACCLP's business, Astroline Company also completely controlled the Debtor's income and cash. At Astroline Company's insistence, all operating revenues received by ACCLP were deposited in a lock box account at Bank of Boston Connecticut, which had a twice-weekly sweep feature that automatically transferred all funds to a bank account at State Street Bank in Massachusetts. In re Astroline, 188 B.R. at 101 (App. at 10) (T. Vol. 1 at 185-189; T. Vol. 7 at 36, 56-58; Exs. 22, 55, 129, 47, 48). Although the defendants claimed at trial that Ramirez had "access" to



the Debtor's funds because he had authority to sign checks, it was undisputed that, prior to August 31, 1988, Ramirez never had a checkbook (or a check) in Hartford and could not draw on that account unless someone in the Astroline Company office in Massachusetts chose to give him a check to sign. In re Astroline, 188 B.R. at 102 (App. at 11) (T. Vol. 1 at 202). Further, Ramirez had no access to the Debtor's revenues, all of which were deposited in the lock box account from which they were swept to Boston. In re Astroline, 188 B.R. at 101 (App. at 10) (T. Vol. 7 at 56-60).

Significantly, it is undisputed that, even if Ramirez had "access" the Debtor's funds, certain general partners of Astroline Company (Sostek, Boling, Richard Gibbs and Joel Gibbs) each had individual signature authority on the ACCLP bank accounts at State Street Bank and Security National Bank in Massachusetts, always having unchecked authority "to empty the Debtor's bank account at any time without Ramirez's knowledge, consent or participation...." In re Astroline, 188 B.R. at 104, 106 (App. at 13, 15) (T. Vol. 1 at 220-21, 225-26; T. Vol. 3 at 90, 93, 98-101; T. 4/21/95 at 185; Exs. 20, 21, 212, 215, 216).

Ramirez admitted with respect to the Debtor's State Street Bank account:

Q. Okay. But four other people had control of the account?

A. That's true.

Q. Okay. And they could have taken the money out any time they wanted?

A. They never did, but they could have.

(T. Vol. 1 at 238).

Contrary to Ramirez's belief, however, the partners of Astroline Company did sign at least two checks on the Debtor's account, each payable to Astroline Company for "interest," without the knowledge or

consent of Ramirez. In re Astroline, 188 B.R. at 102, 106 (App. at 11, 15) (T. 4/21/95 at 179-180; Exs. 216A, 216B). Ramirez testified about those checks as follows:

Q. Okay. So you don't know why Joel Gibbs wrote a check to the Astroline Company on April 10th, 1985 for \$20,071, do you?

A. No.

Q. And you don't know why Mr. Boling wrote a check to the Astroline Company for interest on February 6th, 1985 in the amount of \$5,352, do you?

A. No, I do not.

(T. 4/21/95 at 179-80). As the Bankruptcy Court concluded, "[t]he two checks ... defy an explanation." In re Astroline, 188 B.R. at 106 (App. at 15). The defendants offered no evidence at trial to explain why Boling and Gibbs wrote checks for "interest" to Astroline Company without Ramirez's knowledge. There was no evidence offered at trial of any debt owed by the Debtor to Astroline Company in 1985.

The evidence also demonstrated numerous instances in which ACCLP checks were signed by the partners of Astroline Company. (Exs. 212, 215, 216). Although the testimony was that many of these checks had been requested by personnel in ACCLP's Hartford office and approved by Ramirez (and prepared by Astroline Company personnel in Massachusetts), certain checks, in addition to those payable to Astroline Company, were prepared by Astroline Company with no involvement by Ramirez or any ACCLP employees. One example was a check payable to Rev. Gene Scott of FCI for \$100,000 that even Boling (who signed the check) could not explain at trial. (T. Vol. 3 at 147-48; Ex. 212).

In addition to control of the revenue and expenses of ACCLP, Astroline Company also was substantially involved in other aspects of the Debtor's financial reporting and planning. Financial projections for the business were prepared by ACCLP's accountants for review by Boling and Sostek. (Exs. 61, 63). Drafts of annual financial statements and tax returns were prepared by ACCLP's accountants and submitted to Boling for his review and input. (Exs. 68, 84, 118). Ramirez and Rozanski regularly submitted revenue and expense projections for ACCLP to Sostek and Boling for their review and approval. (T. Vol. 7 at 63-68; Exs. 69, 70, 112, 113, 116, 117, 120, 121). The financial reporting requirements imposed by Astroline Company on ACCLP were so rigorous that, at one point, Ramirez apologized to Sostek and Boling for the poor quality and frequency of ACCLP's financial reporting. (T. Vol. 2 at 29-33; Ex. 78).

Astroline Company also manipulated ACCLP's financial reporting and tax treatment of certain transactions for the personal benefit of its partners which further evidenced the substantial degree of control imposed by the putative limited partner over the business of the Debtor. (T. Vol. 6 at 94). It was established at trial that equity contributions of \$4 million made by Astroline Company in 1987 were "reclassified" as debt in January, 1988. (T. Vol. 2 at 62-66; T. Vol. 7 at 75-79; Ex. 24). Boling testified that he prepared a Promissory Note, drove to Hartford and demanded that Ramirez sign the note in favor of Astroline Company. (T. Vol. 5 at 55-56; Exs. 23, 144). Although the "reclassification" was shown on the 1987 audited statements of ACCLP, the 1987 monthly internal statements never showed the \$4 million debt. (Exs. 15, 205).

Six months later, in May, 1988, the Promissory Note was secured by a mortgage on real property owned by ACCLP, again at Boling's direction and insistence. (T. Vol. 2 at 82-85; Ex. 154). Significantly, ACCLP sought unsuccessfully to obtain a secured loan of \$5.5 million in November, 1987, presumably to pay the Astroline Company "loan" that, incidentally, was still classified as equity on the October, 1987 financial statement. (T. Vol. 3 at 82-86, Exs. 153, 205). Again in September, 1988, just two months before the bankruptcy filing, Astroline Company required that ACCLP sign a Revolving Loan Agreement, this time purporting to evidence a \$2,930,000 loan, all of which had been advanced to ACCLP prior to the date the loan agreement was signed. (T. Vol. 5 at 78-83; Exs. 31, 155).

In addition to maintenance of complete dominion and control over the cash and finances of ACCLP, Astroline Company exerted control over other aspects of ACCLP's business. Numerous correspondence from the Debtor's professional firms were addressed exclusively or copied to Boling and/or Sostek. (Exs. 60, 62, 65, 90, 93, 94). Ramirez sought Boling's and Sostek's approval for certain construction modifications at ACCLP's Garden Street facility and made recommendations to Boling. (T. Vol. 2 at 40-47; T. 4/21/95 at 180-81; Exs. 82, 83). Ramirez also sought direction from Boling and Sostek regarding advertising, marketing and programming issues. (Exs. 71, 72, 73, 76, 86, 87, 91, 92, 111, 123, 133).

Significantly, in two documents submitted to third parties, Astroline Company or its general partners were actually identified as "general partners" of ACCLP. First, in an Authority for Deposit and Borrowing, submitted to State Street Bank in Boston, Massachusetts,

Boling signed the document stating that he, Sostek, Joel Gibbs and Richard Gibbs were the general partners of ACCLP. (Ex. 217). Second, in a document submitted to the FCC on May 29, 1985, Ramirez certified that Astroline Company was a general partner, owning 70% of the equity of the partnership. (Ex. 221).

E. The Debtor's Bankruptcy Proceedings and  
the Formation of Astroline Company, Inc.

On October 31, 1988, an involuntary petition under Chapter 7 of the Bankruptcy Code was filed by certain creditors of ACCLP. The Debtor consented to an order for relief and, at the Debtor's request, the Bankruptcy Court converted the case to one under Chapter 11. Upon motion by the Official Committee of Unsecured Creditors, the Debtor's case was reconverted to a case under Chapter 7 on April 9, 1991. Also on that date, the plaintiff was appointed Interim Trustee of the Debtor's bankruptcy estate. On June 13, 1991, the plaintiff was appointed Permanent Trustee.

On November 2, 1988, two days after the involuntary petition was filed, Astroline Company was purportedly dissolved and all of its assets transferred to Astroline Company, Inc., a Massachusetts corporation of which Sostek, Boling, Richard Gibbs and Randall Gibbs are the sole officers, directors and shareholders. (T. Vol. 3 at 5, 7-9; Ex. 18). Although Astroline Company was "reconstituted" as Astroline Company, Inc., its business remained precisely the same. The defendants admitted at trial that the transfer to corporate form was an effort to limit the liabilities of the Astroline Company partners. (T. Vol. 3 at 7-8; T. Vol. 5 at 137-138). At the same time, the Astroline Company partners transferred their shares in WHCT Management to Ramirez for no consideration. (Ex. 19).

ATTACHMENT E

Claims Register  
obtained from the Office of the Clerk,  
U.S. Bankruptcy Court, Hartford, Connecticut  
in Astroline Communications Co.

NAME OF BANKRUPT/DEBTOR		TICKET NO.	
ASTROLINE COMMUNICATIONS CO.		2-88-01124	
CLAIM NO.	NAME AND ADDRESS OF CLAIMANT (and name and address of attorney, if any)	AMOUNT OF CLAIMS FILED AND ALLOWED	REMARKS
1	DATE FILED: 12/23/88 Viacom Broadcasting, Inc. WVIT 1422 New Britain Avenue West Hartford, CT 06110	FILED \$ 64.50 ALLOWED \$	services performed
2	DATE FILED: 12/28/88 Sheraton Corporation Sheraton Hartford Hotel 315 Trumbull Street Hartford, CT 06103	FILED \$ 2,191.65 ALLOWED \$	services/goods purch.
3	DATE FILED: 12/28/88 DLE Inc. 5 Vernon Street Middleborom MA 02346	FILED \$ 1,508.21 ALLOWED \$	
4	DATE FILED: 12/12/88 Credit of Minnesota Mining & Manufacturing Co. 3M Center St, Paul, Minnesota 55144	FILED \$ 1,441.65 ALLOWED \$	
5	DATE FILED: 12/30/88 Automatic Data Processing 1047 Main Street E. Hartford, CT 06108	FILED \$ 161.04 ALLOWED \$	services
6	DATE FILED: 01/03/89 IGC 971 Stuyvesant Avenue Union, NJ 07083	FILED \$ 200.00 ALLOWED \$	
7	DATE FILED: 01/06/89 Unitel Video Inc. 515 W. 57th Street NY. NY 10019	FILED \$ 7,950.00 ALLOWED \$	Services Performed
8	DATE FILED: 01/09/89 Buckley Broadcasting Corp. WDRG Radio 869 Blue Hills Avenue Bloomfield, CT 06002	FILED \$ 1,729.75 ALLOWED \$	services performed
9	DATE FILED: 01/09/89 A.C. Nielsen Co. Nielsen Plaza Northbrook, IL 60062-6288	FILED \$ 114,498.04 ALLOWED \$	



I certify that this is a true copy.  
*Michael Colbath*  
 Assistant Clerk  
 12/17/88

## CLAIMS REGISTER

Page No. 5

NAME OF DEBTOR			CASE NUMBER
Astroline Communications			2-88-01124
CLAIM NO.	NAME AND ADDRESS OF CLAIMANT (AND NAME AND ADDRESS OF ATTORNEY, IF ANY)	AMOUNT OF CLAIMS FILED AND ALLOWED	REMARKS
46	Astroline Co. Inc. 95 Walkers Brook Drive Reading, MA c/o: Shipman & Goodwin 799 Main St. Hartford, CT 06103-2377	FILED \$ 7,537,703.00	Secured
DATE FILED		ALLOWED	
04/17/89		\$ 103-2377	
47	Hughes Television NEtwork 260 Madison Avenue New York , NY	FILED \$ 18,145.00	Services performed
DATE FILED		ALLOWED	
04/17/89		\$	
48	Warner Bros. Television Dist. 4000 Warner Blvd. Burbank, CA 91522	FILED \$ 143,338.00	License
DATE FILED		ALLOWED	
'14/89		\$	
49	Lorimar Telepictures Corp. 10202 West Washington Blvd. Culver City, CA 90232	FILED \$ 6,519,548.50	License
DATE FILED		ALLOWED	
04/14/89		\$	
50	Lorimar Tel.Distribution 10202 West Washington Blvd. Culver City, CA 90232	FILED \$ 4,186,548.50	License
DATE FILED		ALLOWED	
04/17/89		\$	
51	Lorimar Distribution Inc. 10202 West Washington Blvd. Culver City, CA 90232	FILED \$ 2,333,000.00	License
DATE FILED		ALLOWED	
04/17/89		\$	
52	American Society of Composers Authors and Publishers 1 Lincoln Plaza New York, NY 10023	FILED \$ 17,675.00	License
DATE FILED		ALLOWED	
04/19/89		\$	
53	Traffic Net of Connecticut 2 Jackson Walkway Suite 1 Regency Plaza West Providence, RI 02903	FILED \$ 89,250.00	Services performed
DATE FILED		ALLOWED	
04/18/89		\$	
54	Faith Center, Inc. c/o: Clifford J. Grandjean, Sorokin, Sorokin, Gross One Financial Plaza Hartford, CT 06103	FILED \$ 3,789,804.92 Esq.	Monies Loaned
DATE FILED		ALLOWED	
04/19/89		\$	



ATTACHMENT F

Certification of the  
Office of the Secretary of State  
of the State of Delaware